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**Competitive Intelligence Report:****REPRINT**

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**Xign Sets New Standard for B2B Payments with Invoicing Functionality**

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**Event Summary**

April 22, 2002 - Xign Corporation, a provider of financial settlement applications and services, has announced a new release of the Xign Payment Services Network (XPSN Version 3.0), offering an electronic invoice application that streamlines the receipt and processing of invoices.

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**Analytical Summary**

**Current Perspective:** Positive on Xign's launch of XPSN version 3.0 with invoice functionality because the company continues to execute on its plan to deliver a comprehensive Web-enabled financial services supply chain platform.

**Vendor Importance:** Very high to Xign because the new invoice presentment and dispute resolution functionality provides the company with a clear technology differentiator from its most direct competitors.

**Market Impact:** Moderate to high on the Internet payments and Internet billing market segments because Xign is the first Internet business payment provider to add invoice capabilities and poses a threat both to its immediate Internet business payments competitors and to B2B Internet billing players in terms of features and functions.

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**Current Perspective: Positive**

- We are taking a positive stance on Xign's latest release of its XPSN Internet business payment solution. In version 3.0, Xign has added an electronic invoice application to extend the functionality of its B2B payments platform to include invoice capture, presentment, and dispute resolution capabilities. This is a logical extension of Xign's XPSN solution that enables the company to build out the requisite features and functions of a comprehensive Web-enabled financial services supply chain platform. Xign's new invoicing functionality enables the company to differentiate its technology from competitors and better address the B2B payments needs of enterprise organizations. The product release will have an impact on both the B2B Internet payments and Internet billing markets and competitors will need to respond.
- Internet business payment solutions continue to gain in importance as they address the need to tightly integrate Internet commerce technologies with financial services. The goal is to facilitate B2B commerce activity and to optimize the Web-enabled financial value chain to support the promised efficiencies of Internet commerce. Internet business payment solutions comprise payments, invoice presentment, dispute resolution, reconciliation, cash management, authentication, financing, and credit/risk management functionality. Xign's new invoice application builds upon the core foundation of its XPSN B2B payments platform, (see "Xign Makes a Mark with XPSN Bank-neutral Payment Network," October 25, 2001) and will allow the company to penetrate more deeply into the accounts payable and cash management processes to streamline the invoice receipt, validation, routing, dispute management, approval, payment, and posting functions.
- Xign's new invoice application in XPSN version 3.0 has a robust feature set that is well suited for the enterprise environment. The XPSN invoice application leverages three on-ramps or methods to capture the invoice data that enables Xign to address the needs of both small-to-medium and larger sized businesses. A simple Web-form enables smaller businesses that do not have a back-end ERP system in place to create their own invoices by typing in the PO data. Businesses that have ERP systems in place can leverage Xign's selection of back-end ERP adapters to convert PO data into invoices - this method includes the ability to edit fields during the conversion process. Finally, Xign is able to support clients that have B2B Internet billing applications in place by capturing the invoice data through electronic file mapping. Xign's three on-ramps to its invoicing application lower the barriers to entry for its services and enable the company to broaden the potential market reach of its XPSN solution. The new invoicing capability is especially well suited for small to mid-sized businesses that can use the XPSN service as an alternative to traditional Internet billing systems to create electronic invoices.

- Xign's invoicing application also includes payer-side workflow with auto-escalation functionality that will enable organizations to map the application to their organizational processes to achieve greater efficiency and streamline the invoice-through-payment cycle. Here, Xign will be able to make a stronger ROI argument for its XPSN solution. The company has also added dispute resolutions features that will enable businesses to resolve order discrepancies in a collaborative and Web-based environment. Dispute resolution functions include real-time invoicing validation that enables businesses to establish rules to automate the dispute process, two-way and three-way matching of order, invoice and PO data, as well as a complete audit trail and reporting tools. The two-way matching and three-way matching function can be set up to work within a company's ERP system or on the XPSN platform. Xign's invoicing application includes collaborative communication tools such as e-mail and electronic files that enable users to solve disputes and share information in a Web-based format in real-time. Once invoices are presented and approved, payment funds are directed from buyer to supplier using Xign's bank-neutral payment network to complete the invoice-through-payment cycle.
- Xign is apparently the first Internet business payment solution provider to add an electronic invoice application to its B2B payments platform. Moreover, Xign's new invoicing application includes a robust set of functionality that mirrors the presentment and dispute resolution features of a B2B Internet billing solution. Xign has clearly differentiated its technology and will have a significant advantage when competing against Internet business payment vendors that lack the invoicing component. The company should develop an aggressive marketing and sales strategy to exploit its first to market status with invoicing capabilities. Xign should also consider developing and/or partnering for cash management, credit/risk management, and financing services in order to build out its XPSN B2B payments platform.
- On the down side, Xign's new invoicing capability begins to dovetail with B2B Internet billing solutions in terms of features and functionality. Although Xign positions its XPSN solution as complementary to B2B Internet billing technology, some competitors may view the company in a different light. B2B Internet billing vendors that target the mid-sized market, in particular, will find that some businesses may prefer Xign's XPSN solution as a viable alternative to traditional Internet billing solutions. Xign will need to ensure that it does not step on the toes of larger B2B Internet billing vendors and position its technology as a complementary solution. Here, the company should consider partnering with leading B2B Internet billing vendors that have a large captive audience of buyer organizations as part of its channel strategy to grow market share.

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**Market Impact: Moderate/High**

- Xign appears to be the first Internet business payment solutions provider to add an electronic invoice application to its B2B payments platform. Internet business payment competitors will be pressured to adjust the development programs and marketing and sales strategies to take account of Xign's differentiated technology.
- Specifically, Xign's new version of its XPSN B2B payments platform will spur Internet business payment providers to add invoice capture, presentment, dispute resolution, payer side workflow, and supplier communication tools.
- Xign's latest version of its XPSN B2B payments platform with invoice capture, presentment, and dispute resolutions capabilities begins to dovetail in terms of features and functionality with traditional B2B Internet billing solutions. B2B Internet billing vendors will need to determine whether they should treat Xign as a potential partner or competitor going forward.

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**Vendor Importance: Very High**

- Xign needed to add invoice capture and presentment and dispute resolution capabilities to its XPSN Internet business payment solution in order to build out the requisite features and functions of a comprehensive Web-enabled financial services supply chain platform.
- Xign needed to add an electronic invoice application to its XPSN solution in order to differentiate its technology from its most direct Internet business payment competitors and better address the needs of its target clients.

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## Competitive Positives

- Xign can claim first-to-market status among Internet business payment solutions providers to add electronic invoice presentment and dispute management capabilities and establishes a strong technology differentiator that provides the company with a significant advantage in sales situations. Here, Xign continues to execute on its plans to build out a comprehensive Web-enabled financial services supply chain platform.
- Xign's XPSN B2B payments platform version 3.0 includes invoice capture and presentment and dispute resolution capabilities that enable the company penetrate more deeply into the accounts payable and cash management processes to streamline the invoice receipt, validation, routing, dispute management, approval, payment, and posting functions. This enables Xign to better address the needs of clients that seek to automate the complete invoice-through-payment cycle.
- Xign's new invoice application includes three on-ramps that enable the company to capture the invoice data to create electronic invoices through simple Web forms, pre-built ERP integration modules, and electronic file mapping to B2B Internet billing systems. This feature enables Xign to cater to the needs of both small-to-medium and larger sized businesses that may have different types of systems in place to broaden the market reach of the XPSN solution.
- Xign's invoice application includes robust payer-side workflow that will enable clients to map the application to their organizational business processes to streamline the invoice-through-payment cycle.
- The invoice application also includes a full repertoire of dispute resolution features, including real-time invoicing validation rules to automate the dispute process, two-way and three-way matching, and audit trail and reporting tools. Users will be able to solve order discrepancies in a Web-based format in real-time to streamline the exceptions handling process and reducing DSO.

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### Competitive Concerns

- While Xign continues to distinguish itself as a leader in Internet business payments, the company still faces competition from a number of Internet business payment competitors as well as ERP, trading exchange, and banking organizations that are looking to integrate EIP, dispute resolution, and settlement with their core competencies.
- Xign's latest version of its XPSN B2B payments platform with invoice capture, presentment, and dispute resolutions capabilities begins to dovetail in terms of features and functionality with traditional B2B Internet billing solutions. This could present channel conflict going forward.
- Xign still lacks a number of important services, including cash management, financing, and credit/risk management services, which are essential elements of a full-featured Web-enabled financial services supply chain platform.

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### Recommended Vendor Actions

- Xign should follow up on the launch of XPSN 3.0 with an aggressive marketing and sales channel to promote its new electronic invoice application and to tout its first to market status with invoice functionality. The company should stress that the addition of invoice functionality is a logical extension of its XPSN B2B payments platform and will enable customers to streamline the entire invoice-through-payment cycle.
- Xign should consider partnering for best-of-breed business intelligence and reporting tools to augment its own reporting capabilities and to address the needs of larger enterprise clients that require more sophisticated tools to support complex invoicing processes.
- Xign should position its XPSN Internet business payments solution as complementary to B2B Internet billing technologies. The company should also consider partnering with leading B2B Internet billing vendors to augment their payment and settlement capabilities and to target their captive audience of buyer-organizations to grow market share for its services.
- Xign should also consider developing and/or partnering for cash management, financing, and credit/risk management services to build out its XPSN Web-enabled financial services supply chain platform.
- With its new invoice functionality Xign is positioned to compete directly against B2B Internet billing vendors that target the mid market enterprise segment for their hosted Internet billing services. Xign should stress its bank-neutral payment network and its banking relationships to distinguish its services. The company should also consider building integration modules to Microsoft Great Plains's ERP systems and other mid-market back-end systems.

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### Recommended Competitor Actions

- Internet business payment providers focused on providing payment, settlement, and cash management services for B2B markets such as Clareon, Bottomline, Clarus, Bank of Montreal, and so forth will need to adjust their development programs to take account of Xign's new invoice application. These organizations should move quickly to add their own invoice functionality with robust payer-side workflow, dispute resolution, collaborative communication, and reporting tools to remain competitive.
- Internet business payment providers such as Clareon, Bottomline, Clarus, and so forth should also consider adding cash management, financing, and credit/risk management services to build out their B2B payment platforms.
- B2B Internet billing technology vendors that target the enterprise segment such as Avolent, edocs, BCE Emergis, Metavante, KUBRA, BillingZone, CheckFree, DST Output, iPlanet, Pitney Bowes, and so forth should consider partnering with Xign for its B2B payment and settlement service to enhance their own functionality, and to provide clients with a collaborative workspace for managing invoice and payment disputes. Such a move would strengthen their position to target the trading exchange and hard-goods space for their IBPP services.
- B2B Internet billing technology vendors that target the mid-market enterprise segment such as Fidesic, Metavante, BillingZone, and so forth will be directly impacted by Xign's new invoice functionality. Mid-sized businesses will likely find that Xign's XPSN solution offers a viable alternative to hosted B2B Internet billing services with enhanced payment functionality. These competitors will need to adjust their marketing and sales strategies to take account of Xign as a potential competitor.
- Enterprise strategic sourcing solution providers should strongly consider partnering with Xign for its Internet business payment solution to ensure that business partners complete the transaction online and to complement their financial services offerings.

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### Target Markets

- Global 2000
- Large Enterprises
- Small to Medium Enterprises
- Systems Integrators

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**Recommended End User / Customer Actions**

- Current and prospective Xign customers should look favorably upon the company's new electronic invoice application. Xign's new invoicing application includes robust invoice capture, presentment and dispute resolution functionality that will enable users to streamline the invoice receipt, validation, routing, dispute management, approval, payment, and posting functions.
- Prospective clients should question Xign about the pricing plan for its new invoicing application.
- Prospective clients should question Xign about its plans to partner for best-of-breed business intelligence and reporting tools to augment its internal capabilities.
- Prospective clients should question Xign about its plans to offer cash management, financing, and credit/risk management services.
- Prospective clients with B2B Internet billing systems in place should discuss with Xign how to best leverage the two applications to streamline the invoice-through-payment cycle when making a purchasing decision.

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**END OF REPORT**